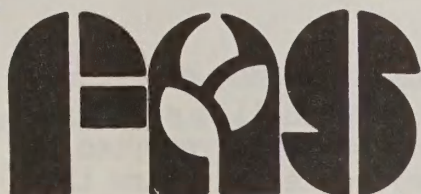


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REPORT

United States
Department of
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Foreign
Agricultural
Service

Washington, D.C. 20250

WEEKLY ROUNDUP OF WORLD PRODUCTION AND TRADE

WR 19-83

WASHINGTON, May 11--The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following developments in world agriculture and trade:

EC TRADE NOTES

CURRENT SERIAL RECORDS

The EUROPEAN COMMUNITY (EC) last week authorized the export of 60,000 tons of barley, bringing export authorizations for the year so far to 2.6 million tons, compared to only 2.0 million authorized at this time last year. The maximum export restitution (subsidy) was \$78 per ton, nearly \$20 per ton higher than the export subsidy on wheat, and reflecting a shift in the EC's aggressive export program from wheat to barley.

GRAIN AND FEED

SOUTH AFRICA's Maize Board recently released a tender for 600,000 tons of corn. The tender specified No. 2 U.S. equivalent or better, to be delivered to Cape Town, East London and Durban harbors at the rate of 25,000 tons every two weeks, per port, with delivery to start June 16. Bids were due May 5. Total South African corn imports may reach 2 million tons in order to meet domestic consumption needs and supplement severely reduced domestic production. The bulk of South Africa's corn import needs are expected to be filled by U.S. corn. Exporters report that 375,000 tons of U.S. corn has been sold to date to South Africa for the current marketing year.

DAIRY, LIVESTOCK AND POULTRY

AUSTRALIAN cattle numbers are expected to continue to fall during 1983, while recovery of sheep herds is expected to slow, according to the U.S. agricultural counselor in Canberra. Recent rains have benefited crops, but in some districts, below average temperatures have limited pasture growth and may increase death losses. Estimated cattle numbers as of March 31 were 22.0 million head, compared with 24.6 million a year ago. Above normal death losses and a smaller calf crop are expected to result in a 6-percent drop in inventory this year to 20.7 million head. Beef and veal production for 1983 is forecast at 1.386 million tons, compared with 1.680 million last year.

Sheep inventories are now estimated at 133.8 million head, compared with 138.0 million a year ago. A smaller lamb crop and higher death losses are expected to slow inventory growth during 1983 to less than 1 percent despite lower slaughter levels. Lamb and mutton production in 1983 is expected to fall to 262,000 tons, compared with 554,280 last year.

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In POLAND, the January 1983 livestock census indicates cattle numbers were down about 4 percent from 11.5 million last year to 11.0 million this year, with only a slight drop in cow numbers. Hog numbers, reported at 17.6 million, were down about 8 percent, but sow numbers were down more than 25 percent from last year's levels.

Cattle numbers did not decline as much as expected because a mild fall and winter allowed a longer grazing period. In contrast, the sharp decline in sow numbers confirms the shortage of feed concentrates. The 1983 outlook for beef and pork production remains unchanged from earlier projections, with beef and veal production expected to be down about 20 percent to 580,000 tons and pork down over 15 percent to 1.23 million tons.

ARGENTINA's beef production, as reported by the U.S. agricultural counselor in Buenos Aires, is expected to fall 6 percent to 2.32 million tons during 1983, compared with 2.49 million last year. Slaughter is expected to be down 10 percent, but higher carcass weights will offset much of that decline. The reduction in slaughter and a slightly larger calf crop is expected to allow cattle numbers to expand about 4 percent this year.

If world market prices were stronger, average carcass weights likely would be higher and projected slaughter further reduced. The current stage of the Argentine cattle cycle is described as "a moderate retention."

The U.S. agricultural trade officer in TUNISIA reports that a contractual agreement between Holstein Friesian Services and a Tunisian concern will be signed in the immediate future for 1,000 head of Holstein heifers. He also reports that the Tunisians have accepted the U.S. blended credit proposal, which includes \$5.3 million for dairy cattle and \$200,000 for bovine semen. Shipment will take place tentatively on or about November 1. This shipment would mark the first sale of U.S. dairy breeding cattle to Tunisia, a market viewed by government and industry representatives alike as having long-term volume potential.

The EUROPEAN COMMUNITY recently announced significant increases in its export subsidies for pork. These include increases for carcasses from 10.3 to 16.5 cents per pound, for shoulders and loins from 20.6 to 24.8 cents per pound, and for bellies from 12.4 to 18.6 cents per pound. Among other things, these increases will help boost Ireland's already active trade in pork with Japan. Since Denmark was closed out of the Japanese fresh pork market a year ago due to the outbreak of foot and mouth disease, Irish pork exports to Japan have been running at historically high levels. The subsidy increases are now expected to enable Ireland to exceed its original target of 10,000 tons of pork to Japan in 1983. Ireland shipped just under 4,000 tons to this market in 1982.

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In addition to increased Irish shipments to Japan, the subsidy increases should also boost exports from other EC countries to Eastern Europe.

Dairy product intervention stocks are building rapidly in the EUROPEAN COMMUNITY. As of April 22, EC butter stocks were 364,000 tons compared to 345,000 one week earlier. NFDM stocks were 708,000 tons, up 7,000 from the previous week. In the United States, by comparison, CCC uncommitted stocks on the same date were 198,000 tons for butter and 558,000 for NFDM.

It appears that most of the EC's recent milk production increase is going into production of these two intervention products. January-February 1983 milk deliveries in the EC were up 8.6 percent compared to the same period in 1982. However, the comparable increases in butter and NFDM production were 22 percent and 32 percent, respectively. Pressure within the EC to export some of this surplus will no doubt build along with the increase in stock levels.

Effective April 30, the EUROPEAN COMMUNITY sharply raised its export subsidies on dairy products. Subsidies were boosted 18 percent for non-fat dry milk (NFDM) and nearly 11 percent for butter. Prices for both (NFDM) and butter on world markets have declined significantly over the past year and the higher subsidy will allow EC exporters to continue to compete effectively on international dairy product markets.

FRANCE's Ministry of Agriculture indicates that the French have concluded a sale of 40,000 tons of frozen chickens to Egypt. Terms of the sale were not disclosed. The sale was made to the Egyptian government buying agency and was sponsored and negotiated under the guidance of the French Ministry of Agriculture and Foreign Trade and the quasi-governmental intervention agency for poultry and dairy, FORMA. A consortium of four Brittany broiler exporters--Doux, Tally, UNACO and SABCO--will be the sellers.

Egypt imported about 50,000 tons of poultry in 1982 despite an import ban on all poultry imports for a large part of the year. U.S. exports of poultry to Egypt in 1982 were 3,400 tons. In 1981, Egypt imported 120,000 tons of poultry, of which 65,000 was from the United States.

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TOBACCO

CANADA's 1983 tobacco crop is estimated by the U.S. agricultural counselor at 110,667 tons, 54 percent above last year's frost-reduced crop of 72,022 tons.. The 1983 flue-cured crop is estimated at 108,300 tons, 56 percent greater than the 1982 crop. Growers and manufacturers are negotiating 1983 minimum prices for the Ontario flue-cured crop, with current expectations for about 97,500 tons to be covered at a minimum or base price of about C\$3.52 per kilogram. This would be only fractionally above the C\$3.44 minimum set for the 1982 crop which, including premiums, netted growers an average C\$3.59 per kilogram.

AUSTRALIA's imports of unmanufactured tobacco during 1982 were 11,813 tons, about 7 percent above the 1981 level. However, tobacco from U.S. origin declined to 43.5 percent of total imports, compared with 46 percent in 1981. Imports of other origin tobacco consequently rose, with Zimbabwe and Malawi making the largest gains. Imports from South Korea and the Philippines were also larger, but those from Brazil showed little change.

Imports of U.S. leaf during 1983 are expected to show little change, remaining at about 5,000 tons. The high cost of U.S. leaf compared with more neutral types from Asia and Africa has caused manufacturers to use U.S. leaf only to provide flavor.

Australia's sales of cigarette and tobacco products remained fairly stable during 1982. Although the population increased, per capita consumption continued to decline, mainly as a result of anti-smoking campaigns. The depressed economy also was a factor. Based on present indications, there will be little or no growth in the market during 1983, especially following the increase in the excise duties in the August 1982 budget.

The NETHERLANDS' tobacco manufacturing industry achieved a record production of cigarettes and cut tobacco in 1982, largely as a result of heavy export demand. Cigarettes went mostly to France and Italy, shag tobacco to West Germany. This is in contrast to domestic cigarette consumption, which shows a downtrend, while consumption of shag tobacco is steadily to slightly increasing. Production and domestic sales of tobacco products are heavily influenced by the smoking and health issue as well as the stagnating prosperity of the consumer. At best, domestic tobacco consumption is likely to hold steady in 1983. Consequently, any growth in the tobacco product industry must come from further increasing export demand, both for cigarettes and shag tobacco. Prospects for this reportedly look good.

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In line with increased tobacco product production, Dutch unmanufactured tobacco imports in 1982 rose to 87,989 tons, an increase of 18 percent over 1981. The United States was the largest supplier with 16,333 tons, followed by Italy and Brazil with 10,662 tons and 9,640 tons, respectively, for a combined total representing 42 percent of the total tobacco leaf imported. A further increase in U.S. tobacco imports is anticipated in 1983.

SUGAR

According to recent agricultural attache reports, prospects for 1983/84 WORLD sugar production (first forecast scheduled for October 26) are mixed as the sowing of sugarbeets progresses in the Northern Hemisphere and cane harvest commences in the Southern Hemisphere. In parts of Europe, rains have slowed seeding progress and it now appears that total EC sugarbeet area will be down about 7 percent to just over 1.71 million hectares. French area is expected to decline 10 percent to 489,000 hectares and West Germany's will decline 8 percent to 395,000 hectares. Low profits and plant inactivity are expected to drop Italy's sugarbeet area to 220,000 hectares, nearly 14 percent below 1982/83. In an effort to maintain its sugar production near the level of the past two years, the United Kingdom expects to plant 200,000 hectares of sugarbeets, compared with 201,000 in 1982/83.

Beet area in other West European countries will remain relatively stable, except for Spain, where a 20-percent drop is expected after a 19-percent increase the year before. Sugarbeet area in Eastern Europe will remain near the 1982/83 level, with an expected increase in Yugoslavia and a small decline in Poland. In the USSR, a small decline is expected in sugarbeet area from last year's 3.526 million hectares. A continued increase is expected in China, while U.S. sugarbeet area will decline to 405,000 hectares.

Weather throughout the growing season and also during the harvesting and processing period remains a major factor in the determination of the final outturn of beet sugar production for 1983/84. Also in some countries, especially the USSR, improvements in management practices could more than offset declines in the area of beets seeded.

With the new sugarcane crop harvest set to begin in the Southern Hemisphere, weather has already had some effect on the 1983/84 cane sugar production. Drought in both South Africa and Australia is expected to reduce crops by 10 and 15 percent, respectively. The Philippine crop is also expected to be reduced by dry weather. Production in India is forecast to be down as lower prices received and nonpayment by sugar mills discourage cane production. Initial reports indicate planting was carried out under generally good conditions.

On the other hand, output in Central and South America and the Caribbean is expected to be up from the 1982/83 levels. Production in Brazil is initially forecast at 9.4 million tons, and more normal harvest conditions should permit Cuba to increase its sugar output. In China, continued expansion in sugarcane production is anticipated.

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Selected International Prices

Item	:	May 10, 1983	:	Change from	:	A year
	:		:	previous week	:	ago
ROTTERDAM PRICES 1/		\$ per MT		\$ per bu.		\$ per MT
Wheat:						
Canadian No. 1 CWRs-13.5%.		204.00 15/		5.55		-2.00
U.S. No. 2 DNS/NS: 14%...		189.50		5.16		+1.50
U.S. No. 2 DHW/HW: 13.5%..		N.Q.		--		--
U.S. No. 2 S.R.W.....		163.00		4.44		+1.00
U.S. No. 3 H.A.D.....		205.00		5.58		-0-
Canadian No. 1 A: Durum..		205.50		5.59		-16.50
Feed grains:						
U.S. No. 3 Yellow Corn....		150.00		3.81		-1.00
U.S. No. 2 Sorghum 2/.....		N.Q.		--		--
Feed Barley 3/.....		N.Q.		--		--
Soybeans and meal:						
U.S. No. 2 Yellow.....		248.75		6.77		-6.00
Brazil 47/48% SoyaPellets 4/		217.00		--		-3.50
U.S. 44% Soybean Meal.....		216.00		--		-2.00
U.S. FARM PRICES 5/						
Wheat.....		133.01		3.62		-3.31
Barley.....		75.33		1.64		-3.21
Corn.....		118.89		3.02		-.79
Sorghum.....		110.67		5.02 6/		-.66
Broilers 7/.....		1025.14		--		+26.90
EC IMPORT LEVIES						
Wheat 8/.....		96.71		2.63		+.58
Barley.....		98.68		2.15		+4.16
Corn.....		75.91		1.95		+3.87
Sorghum.....		73.68		1.87		+4.12
Broilers 9/.....		308.00		--		-2.00 13/
EC INTERVENTION PRICES 11/						
Common wheat(feed quality)		187.10		5.09		+1.76
Bread wheat.....		205.20		5.58		+1.92
Barley and all						
other feed grains.....		187.10		--		+1.76
Broilers 12/.....		1140.00		--		+38.00
EC EXPORT RESTITUTIONS (subsidies)						
Wheat.....		58.65		1.60		-3.01
Wheat flour.....		N.Q.		N.Q.		N.Q.
Barley.....		78.58		1.71		--
Broilers 9/.....		209.00		--		-- 13/
Sugar, refined 14/.....		365.94		--		-18.00

1/ Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam. 2/ Optional delivery: Argentine Granifero sorghum. 3/ Optional delivery: Canadian feed barley. 4/ Optional delivery: Argentine. 5/ Based on selected major markets and adjusted to reflect farm prices more closely. 6/ Hundredweight (CWT). 7/ Twelve-city, wholesale weighted average. 8/ Durum has a special levy. 9/ EC category--70 percent whole chicken. 10/ Reflects exchange rate change and not level set by EC. 11/ Reflects change by EC effective Feb. 1, 1983 from 31.8 ECU's/100 kg to 33.15. 12/ F.o.b price for R.T.C. whole broilers at West German border. 13/ Change from previous week generally reflects change in exchange rates. 14/ Week of April 28-May 4, based on a maximum subsidy rate of 34.49 ECU's per 100 kilograms. 15/ July Shipment. N.Q.=Not quoted. N.A.=None authorized. Note: Basis May delivery. *Nine-city average.

FAS Circular Release Dates 1983

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All World Grain Situation/Outlook Circulars are available at 9:00 a.m. of the day designated. All other FAS circular reports listed above are available after 3 p.m. on the day of release from FAS Information Services Staff, Room 5918 South Building, U.S. Department of Agriculture, Washington, D.C. 20250. Telephone (202) 447-7937.

¹ Available from FAS, Information Division, Room 5918 South Building.

² Prepared jointly by USDA's Foreign Agricultural Service, Economic Research Service and the World Agricultural Outlook Board. Limited number of copies and subscription information are available from the World Agricultural Outlook Board Room 5143 South Building, Washington, D.C. 20250. Telephone (202) 447-5447.

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